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**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS**

**(2015-16)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF PHARMACEUTICALS)**

**CLUSTER DEVELOPMENT PROGRAMME FOR PHARMA SECTOR  
(CDP-PS)**

**TWENTY-FOURTH REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

*July, 2016/ Shravana, 1938 (Saka)*

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(2015-16)**

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**MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT PHARMACEUTICALS)**

**CLUSTER DEVELOPMENT PROGRAMME FOR PHARMA SECTOR (CDP-PS)**

*Presented to Lok Sabha on 28 July 2016*

*Laid in Rajya Sabha on 28 July 2016*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*July, 2016/ Shravana, 1938 (Saka)*

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(iii)

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2015-16)**

**Shri Anandrao Adsul - Chairperson**

**Members**

**Lok Sabha**

2. Shri Idris Ali
3. Smt. Anju Bala
4. Shri B.N. Chandrappa
5. Shri Sankar Prasad Datta
6. Smt. Veena Devi
7. Shri R.Dhruvanarayana
8. Shri Innocent
9. Shri K. Ashok Kumar
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11. Shri Chhedi Paswan
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14. Shri Kotha Prabhakar Reddy
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18. Dr. Krishna Pratap Singh
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20. Smt. Rekha Arun Verma
21. Shri George Baker

**Rajya Sabha**

22. Shri Biswajit Daimary
23. Shri Sanjay Dattatraya Kakade
24. Shri Narayan Lal Panchariya
25. Shri K. Parasaran
26. Shri Garikapati Mohan Rao
27. Shri Palvai Govardhan Reddy
28. Dr. Sanjay Sinh
29. Shri Abdul Wahab
30. #Vacant
31. \$Vacant

# the terms of Dr. MS Gill Member, Rajya Sabha expired w.e.f. 09.04.2016.

\$ Consequent upon his nomination to council of Ministers Shri Mansukh Lal Mandaviya ceased to be a member of this Committee w.e.f. 5.7.2016

**SECRETARIAT**

Smt. Rashmi Jain	-	Joint Secretary
Shri A.K.Srivastava	-	Director
Shri RamPrakash	-	Additional Director
Shri S.Vijayaraghavan	-	Senior Committee Assistant

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2015-16) having been authorised by the Committee to submit the Report on their behalf present this Twenty-Fourth Report on the subject “Cluster Development Programme For Pharma Sector (CDP-PS)” of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals).

2. The Committee on Chemicals and Fertilizers (2015-16) selected the subject Cluster Development Programme for Pharma Sector (CDP-PS) for examination and report. The Committee took oral evidence of the representatives of the Department of Pharmaceuticals in their sitting held on 23 May, 2016.

3. The Committee (2015-16) considered and adopted the Report at their sitting held on 21 July, 2016.

4. The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals) for their cooperation in furnishing the written replies and other material/ information and for appearing before the Committee to tender their evidence in connection with the examination of the subject.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters at the end of the Report.

New Delhi;  
21 July, 2016  
30 Ashadha 1938 (Saka)

Anandrao Adsul  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

## CHAPTER I

### INTRODUCTORY

1.1 Indian Pharmaceutical Industry is one of the most vibrant sectors of Indian Industry. It has been growing at the rate of 11-12%. It is the 3<sup>rd</sup> largest in the world and 13<sup>th</sup> in value. The total size of the Indian Pharmaceutical Industry is about Rs.165202.3 crore out of which exports account for Rs.78792.3 crore and the rest is the size of the domestic market. It is 8% of global production and 2% of world pharma market.

1.2 At the time of Independence in 1947, the pharmaceutical market was dominated by the Western multinationals. The Indian pharmaceutical market remained import-dependent throughout the 1960s until the Government initiated policies stressing self-reliance through local production and today India is largely self-sufficient in the case of formulations, though some life saving new generation technology barrier formulations continue to be imported.

1.3 In India, there are 12,000 Pharma Companies as against about 3000 in United States. The Indian Pharma Industry consists of Small and Medium enterprises(SME). All the pharma industries have certain common requirements and these can be met with by forming clusters. In order to make available medicines at affordable rates to the common man, the common facilities required by the Indian Pharma Industries needs to be addressed.

1.4 The vision of the Department of Pharmaceutical (DoP), Ministry of Chemicals & Fertilizers is to catalyze and encourage quality; productivity and innovation in pharmaceutical sector and to enable the Indian pharmaceutical industry to play a leading role in a competitive global market. For this, world class quality manufacturing facilities with high level of productivity with innovative capabilities are required, However, these are on one hand very capital intensive and cannot be established and opened by Pharma Manufacturing Units especially the Small and Medium Enterprises (SMEs) at their own due to financial constraints while on the other hand global level technical expertise is an adverse handicap.

1.5 The Report of the Working Group on Drugs & Pharmaceuticals Industry 12<sup>th</sup> Five Year Plan (2012-2017) envisages to make India largest global provider of quality medicines at reasonable prices. In this connection, the document has inter-alia also recommended establishment and upgradation of 10 Pharma Growth Clusters. Further, the Report also mentions that there is a need of synergy strategies to address infrastructure development issues for promoting integrated growth of the Pharma Industries. For this, Cluster based approach is an important strategy and is now increasingly being recognized as an effective and sustainable strategy for competitive enhancement of MSMEs.

1.6 Cluster based approach is increasingly being recognized as an effective and sustainable strategy for competitive enhancement of Pharmaceutical Industry. Such an approach, which leverages the geographical proximity of the enterprises on 'collaborating while competing' principle, is participatory and cost effective. As it provides critical mass for customization of interventions, the DoP seeks to implement Cluster Development Programme for Pharma Sector (CDPPS) to enhance Quality, Productivity & Innovative capabilities of the SME Pharma sector in the country.

1.7 The Department of Pharmaceuticals (DoP) has announced the Scheme for Cluster Development Programme for Pharma Sector (CDP-PS) in July 2014. Hon'ble Minister of Chemicals and Fertilizers approved the introduction of **Cluster Development Programme for Pharma Sector (CDP-PS)** on 27.10.2014. The said report was released by Hon'ble Minister of Chemicals and Fertilizers on 17.06.2015.

1.8 The 'Scheme for Development of Pharma Clusters' is a Central Sector Scheme and

would cover the remaining years of the 12<sup>th</sup> Plan and also to continue in the next Five Year Plan. The total size of the scheme is proposed as Rs. 125 Crores and it would be implemented on a Public Private Partnership (PPP) format through a one time grant-in-aid to be released in various phases for creation of identified infrastructure and common facilities to Special Purpose Vehicles (SPV s) set up for the purpose. The scheme is for setting up of new clusters as well as up-gradation of existing clusters. However, the purpose of the grant is for creation of common facilities. The various aspects and the outcomes of the Scheme will be reviewed after three years from the date of its starting.

1.9 The Department of Pharmaceuticals has engaged Projects & Development India Limited (a Government of India Undertaking) as Project Management Consultant (PMC) for assisting the Department in the implementation of the scheme.

#### 1.10 **Objectives of the Scheme**

The main objectives of the CDP-PS are as follows:-

- (i) Increase the competitiveness, easy access to standard testing facilities and value addition in the domestic pharma industry especially to SMEs through creation of common world class facilities.
- (ii) Strengthening the existing infrastructure facilities in order to make Indian Pharma industry a global leader in pharma exports
- (iii) Reducing the cost of production by 20% in the clusters leading to better availability and affordability medicines in domestic market.
- (iv) To help industry meet the requirements of standards of environment at a reduced cost through innovative methods of common waste management system.
- (v) Exploit the benefits arising due to optimization of resources and economies of scale.
- (vi) To provide information of latest global developments in the sector related to regulations, IPR issues, new products, new markets etc.

#### 1.11 **Benefits of the Scheme**

- (i) Industry will get easy access to common world class facilities.
- (ii) Industry will meet the requirements of standards of environment at a reduced cost through innovative methods of common waste management system.
- (iii) Strengthening of infrastructure facilities will make industry a global leader in pharma exports.
- (iv) Cost of production will reduce by 20% in the Clusters leading to better availability and affordability of medicines in the domestic market.

1.12 During the course of evidence, the Secretary, Department of Pharmaceuticals explained the importance of pharma sector as under:-

“..the pharmaceutical sector is a very dynamic sector and it is growing at a very fast rate in our country. The growth rate is about 14 per cent and the export is 19 per cent. Huge exports are going to 200 countries and that is why the Planning Commission, at the beginning of the 12<sup>th</sup> Five Year Plan, have decided to have a new scheme so that the clusters will become scientifically developed.

Over a period of time the pharmaceutical development has happened in many States and they have developed on their own without any scientific background. For instance, if you see the growth of pharmaceutical sector in the country, Gujarat and Maharashtra alone contribute to the extent of about 50 per cent. Similarly, Andhra Pradesh and Telangana contribute about 30 per cent and the remaining 20 per cent is the contribution made by all other States in the country.

The growth of this sector is isolated in certain pockets and some State Governments have taken more interest and development has happened more. The then Planning Commission suggested that we should have a plan of action to see that these clusters have all scientific parameters required to function as full-fledged clusters.

For instance, a number of units may be there, but common Effluent Treatment Plant may not be there. Individual units have to spend a lot of money to make the system functional. To reduce the cost of production of drugs by individual units, the clusters should have all the common facilities like the Common Testing Facility. If a unit has to test its products, the testing equipment will cost more than Rs. 50 lakh. A small unit may not be able to spend that much money. That is why, if the production units go in for a Common Testing Facility, the cost will be reduced.

So, to reduce the cost of production of drugs and to introduce new innovative procedures, this cluster scheme has been conceptualised and during last June we launched this scheme”

1.13 During the course of evidence, the Committee sought to know whether adequate publicity was given about the scheme, the Secretary, Department of Pharmaceuticals explained as under:-

“Sir, regarding publicity point of view, before the concept has been finalized, we had several stakeholders discussions. Almost all the industry associations have been consulted and based on their inputs the scheme has been conceptualized. Then after finalizing the scheme, we saw to it that a big programme was organized inviting all these people and the programme was launched by our Hon. Minister. We put the scheme details also in the website and in the expression of interest also we clearly indicated in the advertisement and we keep on advertising about this particular project. We continue to discuss with the industry associations. For instance, there are four major industry associations which are available in the country who represent almost all the major pharmaceutical companies. Apart from that, our project management consultant, they take up tours to all these industrial clusters. They conduct meetings with these industrial cluster members. They highlight the scheme details.”



## **CHAPTER II**

### **SCOPE & COVERAGE**

2.1 Projects under CDP-PS would be sanctioned to upgrade infrastructure in industrial estates, parks or industrial areas and green-field projects. The scope will cover components that are need based and identified through a diagnostic study under Detailed Project Report which will be validated by stakeholders.

2.2 Assistance under the scheme will be admissible for creation of common facilities which will consist of creation of tangible "assets" as Common Facility Centres (CFCs). Some of the indicative activities under the common facilities are common testing facilities; training centre; R&D centres; effluent treatment plant; and common logistics centre.

#### **2.3 Project Implementation**

The project will be implemented through a Special Purpose Vehicle (SPV), a non-profit making company registered under Section 25 of the Companies Act. It will have the representatives from cluster members, financial institutions, State & Central Government and R&D organisation. The SPV shall have full operational autonomy to develop, operate and maintain the infrastructure.

Pharma enterprises shall hold at least 51% equity of the SPV and remaining may be held by any Government agency, Financial Institution/Bank, strategic partners etc.

The time frame for implementation of an approved project would be 2 years from the date of approval of the project.

#### **2.4 Implementation Framework**

The Department of Pharmaceuticals (DoP) will be the coordinating department for providing overall policy, coordination and management support to the Scheme. The proposals under the scheme will be considered for approval by the Scheme Steering Committee (SSC) of the CDP-PS.

#### **2.5 Project Approval**

The SSC shall approve the projects and also monitor their implementation, There would be two-stage process for approval of the projects viz. 'In-principle' approval and final approval.

#### **2.6 In-Principle Approval**

'In-principle' approval for a project will be accorded by the SSC based on preliminary proposal submitted by the PMC/ Industry Association/ groups of entrepreneurs covering the major features of the proposed project and availability of land, Such 'in-principle' approval will be valid for a period of 6 months from the date of approval. Before that, it is expected that the project would be ready for final approval. In case final approval is not accorded to the project within 6 months, 'in-principle' approval will automatically lapse, unless it is specifically extended by the SSC.

#### **2.7 Final Approval**

A project will be accorded final approval by the SSC if the following conditions are fulfilled:

- (i) Establishment of project specific SPV;
- (ii) Execution of shareholders agreement and other related agreements between the SPV and the members;
- (iii) Preparation of DPR by SPV and its appraisal by PMC;
- (iv) Procurement of requisite land by the SPV;
- (v) Establishment of project specific Trust and Retention Account (TRA), with Schedule Commercial Banks by the SPV. DoP would credit funds in to this account;
- (vi) Tying up of sources of funds for the balance amount.

2.8 During the course of evidence when asked how many meetings was organised by SSC, the Department stated that till date 5 sittings have been held. When further asked whether there is any criteria fixed for conducting meeting and the places where it was held and the time of the meeting, one of the officer of the Department stated that till date 5 meetings took place in Delhi and whenever it is felt necessary the meetings were held ..... He also appreciated that if meetings are held at places other than Delhi, the local industry might be associated more with the scheme.

## 2.9 **Role of State Governments**

The State Government is envisaged to play pro-active role in providing the necessary assistance for external access infrastructure such as roads, power, water supply, flexible and conducive environment and consider special facilities like exemption of stamp duty etc. for the SPV / units, necessary project related clearances to be given expeditiously and undertaking equity stake in the SPV, where there is a possibility of development of projects together with the SPV.

2.10 When asked to give details about whether any State Government has shown enthusiasm to open Cluster Development Scheme in their respective States, the Department in its written reply stated as under:-

“Till date no concrete proposal has been received from any State Governments”

On being asked as to how many meetings of the Scheme Steering Committee (SSC) have been held so far, the Department in its written reply stated that till date 5 meetings of the Scheme Steering Committee has been held.

## 2.11 **Role of PMC**

The CDP-PS will be implemented through a Project Management Consultant (PMC). The PMC, a bridge between the DoP and the SPV, will be engaged in providing services in developing, financing and executing the cluster development / upgradation projects from the stage of conceptualization to commissioning. The PMC will act as a catalyst in expeditious implementation of the projects in a systematic, professional and transparent manner.

Projects and Development India Limited (PDIL) has been chosen as the Project Management Consulting (PMC) for implementing the scheme. They have called for EOI/SPV and in the first lot, out of the six EOIs, one was found suitable by the Scheme Selection Committee (SSC) to be located in Tamilnadu. SSC has requested PDIL to call fresh EOI which they have done and the last date of receipt of the EOIs is 31/12/2015.

2.12 On being asked the reasons as to why no proposal has been received to open Cluster Development Scheme and how the Department of Pharmaceuticals is going to ensure

participation in the scheme, the Department of Pharmaceuticals in its written reply stated as under:-

“The scheme is to be implemented on a Public Private Partnership (PPP) format through one time grant-in-aid to be released in various phases for creation of identified infrastructure and common facilities to a Special Purpose Vehicles (SPVs) set up for the purpose. The SPV is a clear legal entity (Cooperative Society, Registered Society, Trust or a Company) with members located within a radius of 10-15 kms. The State Governments role would mainly arise after the SPV and DPR are approved by SSC”.

## **CHAPTER III**

### **SPV FOR CREATION OF COMMON FACILITY CENTRE**

3.1 Common Facilities under the CDP-PS will consist of creation of tangible "assets" as Common Facility Centers (CFCs). Some of the indicative activities under the Common facilities are (i). Common Testing Facilities, (ii) Training Centre, (iii) R&D Centres, (iv) Effluent Treatment Plant and (v). Common Logistics Centre.

3.2 The above List of common facilities is illustrative and each cluster could have its own specific requirements based on the nature of units being set up and the products proposed to be manufactured. The Scheme Steering Committee (SSC) shall approve the project components and funding thereof depending upon the merits of the proposal.

3.3 The land and building for CFC shall be provided by SPV /State Government concerned as per cost indicated. In case existing land and building is provided by stakeholders, the cost of land and building will be decided on the basis of valuation report prepared by an approved agency of Central/State Government Departments/ FIs /Public Sector Banks and the cost of land and building may be taken towards contribution for the project.

3.4 The CFC may be utilized by the SPV members and as also others in the cluster. The CFC should be operationalised within two years from the date of final approval, unless extended with the approval of Scheme Steering Committee (SSC). Escalation in the cost of project over and above the sanctioned amount, due to any reason, will be borne by the SPV / State Government. The Central Government shall not accept any financial liability arising out of operation of any CFC.

3.5 User charges for services of CFC shall be on differential rate basis, lower fee for small units and higher fee for medium ones. *However*, the user charges will be graded in such a manner that average charges will be close to prevailing market prices. as decided by the Governing Council of the SPV. The SPV members would be given reasonable preference in user charges. A Tripartite Agreement shall be entered into among the GOI, the State Government concerned and the SPV for CFC projects.

#### **3.6 Eligibility for Common Facility Centers**

##### **I. Special Purpose Vehicle**

It is necessary to form an SPV prior to setting up of and running the proposed CFC. An SPV is a clear legal entity (Cooperative Society, Registered Society/ Trust or a Company) with members located within a radius of 10-15 km. The SPV should have a provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilize the facility should be provided, In addition to the contributing members of the SPV, the organizers should obtain written commitments from 'users' of the proposed facilities so that its benefits can be further enlarged. There should be a minimum of 10 units serving as members of the Special Purpose Vehicle (SPV). There is no ceiling on the maximum number of members. The scope of the Grant in-aid shall only be for the development of common facilities to be held with the SPV and shall not be available to production units, if any, owned by SPV.

The share of the cluster beneficiaries should be as high as possible but not less than 10 per cent of the total cost of CFC. State Government's/ other stakeholders contribution will be considered as gap filling funds. All the participating units should be independent in terms of their financial stakes and management. No single unit will hold more than 10 per

cent in the equity capital (or equivalent capital contribution) of the SPV.

Large mother manufacturing firms (whether in the public or private sector), other major buyers of the cluster MSE products, commercial machinery suppliers, raw material suppliers and business development service (BDS) providers can also be members of SPV, provided management of SPV remains clearly with the intended beneficiary SPV. The SPV may *also* raise loans from banks to take care of any shortfall, expansion, etc. on the condition that the plant and machinery in the CFC purchased with Government assistance will not be hypothecated and the first right thereto will rest with the Government.

### 3.7 ii. **Detailed Project Report (DPR)**

A Detailed Project Report has to be prepared by the SPV with 50% contribution from the Department (para 5.2.ii) and submitted to the Department as the first and foremost activity for assistance under this category. The DPR should have details of all the business processes of the cluster units viz. manufacturing process, technology, marketing, quality control, testing, purchase, out sourcing, etc. to identify impediments and bottlenecks; and to draw action plan for enhancing competitiveness of the units of the cluster and to position the cluster on a self sustaining trajectory of growth. DPR should focus on enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation, etc. There has to be *direct* linkages between the impediments / bottlenecks identified and the measures recommended for improvement in the DPR.

### 3.8 iii. **Any proposal prepared under the scheme should meet the following:**

It should necessarily have a testing laboratory. If there is no proposal for the testing laboratory, the reason *for* not including the same must be spelt out clearly. User charges for services of CFCs shall be on differential rate basis, lower fee for small units and higher fee for medium ones. However, the user charges will be graded in such a manner that average charges will be close to prevailing market prices, as decided by the Governing Council of the SPV. It shall be the responsibility of the SPV to bring in land as its contribution; SPVs may dovetail funds from other sources as well for the project, provided there is no duplication of funding for the same component/ intervention. However, in cases of such dovetailing, it shall be ensured that the contribution of the participating units of SPV is at least 10 of the overall project cost.

3.9 Regarding the response of the scheme, the Secretary, Department of Pharmaceuticals during the course of evidence stated as under:-

“So, to reduce the cost of production of drugs and to introduce new innovative procedures, this cluster scheme has been conceptualised and during last June we launched this scheme. We called for Expression of Interest and only 6 clusters participated in the first Expression of Interest. Subsequently, this concept has been highlighted in all the States and Pharmaceutical Associations. They have been sensitised on this particular scheme. Despite this, only 6 participated in the first Expression of Interest and according to our standards prescribed for release of funds, only one company qualified. So, for that, in-principle clearance has been given.

They have been asked to produce the detailed project report. Once they produce their detailed project report, funds will be released for that project. In the meanwhile, the other clusters have explained that certain conditions are very stiff like we should not have ten, as prescribed, number of units in a particular SPV. It should be reduced further from 10 to five. They have also suggested that we should not restrict Ayurveda or Unani drugs. We should include all these components. For instance,

cosmetics should also be included as pharmaceutical sector. All these suggestions which are given by the units have been given to PDIL to prescribe and to suggest and simplify mechanism so that this particular scheme is taken advantage by these units. We are at it. We will again meet together and simplify the programme.”

3.10 Elaborating on the investments required to be made by companies for formation of clusters, the Secretary, Department of Pharmaceuticals during evidence stated as under:-

“Sir, as per the conditions, to form the SPV, ten members have to join together. They have to invest about Rs. 15 to Rs. 20 lakh each to become member of that SPV. It is the initial contribution to be borne by the SPV. Remaining 70 per cent is given as grant for that particular project. These particular industries are finding it difficult to spend such a huge money. That is one of our observations. We will see to it to some extent that this amount is also reduced further. We will discuss about the simplification process. We can suggest that even if they pay small contribution, as per the scheme details, the amount given is 70 per cent of the project cost. In backward areas, we give 90 per cent. Probably, if we say that in the entire unit whether small, big or backward area or whichever cluster, 90 per cent grant is given then their contribution will become only 10 per cent. It may be Rs. 6 or Rs. 7 lakh per unit. In that way, we should be able to simply that process further down”.

## **CHAPTER IV**

### **UTILISATION OF BUDGETARY ALLOCATION**

4.1 The maximum limit for the grant in aid under this category would be Rs. 20 Crore per cluster or 70 per cent of the cost of the project, whichever less is. Government grant will be 90 per cent for CFCs for difficult and backward regions. The cost of project includes cost of Land, building, pre-operative expenses like preparation of DPR, administrative and management support expenses including the salary of CEO, engineers, other experts and staff during the project implementation period, preliminary expenses, machinery & equipment, miscellaneous fixed assets and other support infrastructure such as water supply, electricity and margin money for working capital.

4.2 As the first step is to submit a DPR, the SPV may approach the Department for contribution towards preparation of DPR. The Department *will* consider the proposal on 50:50 basis i.e. 50% by the Government and 50% by the SPV subject to a maximum Government contribution of Rs. 5.00 lakhs. 50 of the Government contribution i.e. Rs. 2.50 lakhs will be released after the approval against indemnity bond and other documentary requirements the Rs. 1.50 lakhs (30%) on submission of Detailed Project Report and Rs. 11akh (20%) balance on acceptance of the Detailed Project Report. If the project is not approved, the funding by the Government (Rs. 2.50 lakhs) will go as a grant out of the Programme. In case, the project is approved, the payment released for DPR will be adjusted in the overall Government contribution. Assistance for Administrative and other management support of SPV including the salary of CEO for the project implementation period shall not exceed 5% of the Grant in -aid.

#### **4.3 Guidelines for Release of Funds**

Based on the DPR and the nature of the project, detailed guidelines in respect of implementation of the project and subsequently release of funds by the Department will be prepared by the PMC and approved by the Scheme Steering Committee (SSC). However, broadly following schedule will be adopted for release of share of funds of DoP to the SPV.

- (i) 30% as 1<sup>st</sup> instalment as mobilization advance against an Indemnity Bond, on Final Approval of the project by SSC;
- (ii) 30% as 2<sup>nd</sup>, installment against the production of Bills;
- (iii) 30% as 3<sup>rd</sup> instalment against the production of Bills;
- (iv) 10% as final installment
- (v) 2<sup>nd</sup> Installment would be released after the utilisation of at least 60% of the instalment and after the proportionate expenditure has been incurred by the SPV; (v) 3<sup>rd</sup> and final installment would be released after 100 utilisation of 1<sup>st</sup> instalment and at least 60 utilization of 2<sup>nd</sup> instalments and after the proportionate expenditure has been incurred by theSPV;
- (vi) Final instalment would be released after SPV has mobilized and spent its entire share in proportion to grant.
- (vii) The SPVs shall submit the Utilisation Certificate (UC) for the amounts utilized as per the form at in accordance with CFR 19A;
- (viii) Accounts of SPV shall be subject to audit by the Comptroller & Auditor General of India.

4.4 Contribution by the SPV / State Government or the beneficiaries' share should be made upfront. Necessary infrastructure like land, access road, water and power supply, etc. must be in place or substantial progress should have been made in this regard before Gol



assistance is released. Where bank finance is involved, written commitment of the bank concerned to release proportionate funds will also be necessary before release of Gol assistance. Funds will be released in installments depending upon the implementation plan, requirements of funds and as approved by the Scheme Steering Committee (SSC).

As per the Annual Report 2015-16 (page 70) the total size of the scheme is Rs.125 crore for the Twelfth Five Year Plan.

4.5 On being asked how much expenditure has been incurred so far under the Scheme out of the Rs.125 crore and how the remaining amount is proposed to be utilised in the current year i.e. last year of the Twelfth Five Year Plan, the Department of Pharmaceuticals in its written reply stated as under:-

“Because of the poor response for the EOIs, no expenditure has been incurred till date”.

Budget Allocation (New Schemes of Pharmaceuticals)

(Rs.in crore)

BE 2015-16			RE 2015-16			BE 2016-17		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
15.00	-	15.00	2.85	-	2.85	-	-	-

4.6 When asked to give reasons for no allocation of funds for the new schemes of Pharmaceuticals in BE 2016-17, the Department in its written reply stated as under:-

“No grant in aid was released under the cluster development scheme during 2015-16 as none of the group of companies qualified for grant in spite of two rounds of EOIs. Presently, the Project Management Consultant (PMC) has been requested to review the whole process and suggest remedial measures. Till 2015-16, the grants for cluster scheme was covered under the head of new schemes but from this budget, the allocation has been made for cluster scheme separately. Although, a sum of Rs. 60 crore was requested for BE 2016-17 for the Cluster Development Scheme for Pharmaceutical Sector (CDP-PS). However, provision of Rs. 10 crores has been made in BE 2016-17 and supplementary requirements depending on the progress of scheme may be made with the approval of Ministry of Finance”.

4.7 On being asked the reasons as to why the provision of Rs. 10 crore only has been made as against the proposed amount of Rs. 60 crore and how the Department propose to utilise the same; and the plan for the year 2016-17 as regard to supplementary Grant, the Department of Pharmaceuticals in its written reply stated as under:-

“Seeing the Poor response of the Pharma Sector towards this programme, DoP envisaged a very little utilization of grant, hence, DoP kept provision of Rs. 10.0 crore only”.

#### 4.8 **Assistance under the Scheme**

The maximum limit for the grant in aid under this category would be Rs. 20 crore per cluster or 70 per cent of the cost of the project, whichever is less, Government grant will be 90 percent for CFCs for difficult and backward regions for creating following common facilities:-

- Common Testing Facilities
- Training Centre
- Effluent Treatment Plant



4.9 When asked whether the maximum amount of Rs.20 crore would be sufficient for creating the aforesaid facilities under the Scheme and If not, the arrangement to fill in the gap to ensure that all the pharmaceutical companies participate in perfect harmony to make the programme a big success, the Department of Pharmaceuticals in its written reply stated as under:-

“The State Governments/Other Stakeholders contribution will be considered as gap filling funds.

**Release of Funds**

- a. 30% as 1<sup>st</sup> installment as mobilization advance against an Indemnity Bond on Final Approval of the project by SSC.
- b. 30% as 2<sup>nd</sup> installment against the production of bills;
- c. 30% as 3<sup>rd</sup> installment against the production of bills; and
- d. 10% as final settlement.

It is also mentioned in the background material that Special Purpose Vehicle (SPV) may approach the Department for contribution towards preparation of DPR. The Department will consider the proposal on 50:50 basis i.e. 50% of the Government and 50% by the SPV subject to a maximum contribution of Rs. 5.00 lacs. 50% of the Government contribution i.e. Rs.2.50 lacs will be released after the approval against Indemnity Bond. If the project is not approved, the funding by the Government will go as a grant out of the programme. In case the project is approved the payment released for DPR will be adjusted in the overall Government contribution”.

4.10 On being asked whether the funding by the Government (Rs.2.50 lac) will lapse in case the project is not approved and what shall happen of this grant and how many such cases have come so far, the Department in its written reply stated as under:-

“The Government at present does not visualise that any EOIs which are found eligible would not be approved. Till date no such case is there”.

## **CHAPTER V**

### **PROGRESS/RESPONSE FOR THE PROJECT**

5.1 On being asked to give details whether PMC (PDIL) has identified any cluster where the scheme will be implemented, the Department of Pharmaceuticals in its written reply stated as under:-

“Apart from the clusters from where SPVs responded to EOI as mentioned above, PMC has contacted representatives of the Pharma firms all over India, through telephonic discussion and Pharma Associations. In addition to this PMC representatives visited many clusters, such as Baddi(H.P.), Deraabassi (near Chandigarh), Maharashtra, Tamilnadu, Gujrat, Andhra Pradesh & West Bengal area”.

5.2 When asked to give reasons why no existing cluster has not been identified so far, the Department of Pharmaceuticals replied as under:-

“The CDP-PS does not have any provision for identifying existing or new clusters. The scheme is to be operated based on the eligibility criteria of the EOIs received which are approved by SSC”.

5.3 On being asked the criteria which make an EOI eligible for receiving the grant under the Scheme and state the EOI wise deficiencies in this case, the Department in its written reply stated as under:-

“Eligibility Criteria for selection of SPV in EOI Stage:-

- (i) The SPV member should be a Drug Manufacturer/ Pharma Enterprises, Drug Intermediate Manufacturer, State Govt. and Pharma R&D Organization. However, major buyer of the Cluster Products, Commercial Machinery Suppliers, Raw material Suppliers and Business Development Service can also be members of SPV, provided management of SPV remains clearly with the intended beneficiary SPV. The SPV should have identified land of adequate size for the proposed CFC.
- (ii) The cluster member should be located within a radius of about 15 kms from the proposed CFC.
- (iii) The cluster member should have not been blacklisted by the central Government / any state government or under a declaration of ineligibility for corrupt or fraudulent practices as on the last date of submission of response to EOI. In this regard, a declaration to be submitted by all the members of SPV.
- (iv) An undertaking to be submitted by the representative of the SPV that they will contribute at least 10 % of the Project Cost as “Equity”.
- (v) SPV shall have a minimum of 10 manufacturer enterprises of Pharma Producers as its shareholders.

The EOI was issued on 07-07-2015. By closing date (i.e. 11-09-2015) only six EOIs received.

5.4 When asked to give reasons for poor response from the Pharma Industry for this programme, the Department of Pharmaceuticals in its written reply stated as under:-

“A total of six EOIs were received. The Scheme Selection Committee (SSC) found that except one EOI, the others did not fulfill the criteria required for receiving the grant under the scheme”.

5.5 When asked to give details of 6 EOIs received in the first instance, the Department of Pharmaceuticals in its written reply stated as under:-

“The details of six EOIs which have been received are as under:-

- (1) M/s. PitampurAudhyogikSangthan, Saket Nagar, Indore.
- (2) M/s. PshyalamEnvirotech Hyderabad.
- (3) M/s. Hyderabad Pharma Infrastructural Hyderabad.
- (4) M/s. BionaryBioproducts Pvt. Ltd. Madhgapur, Hyderabad.
- (5) M/s. Centre of Excellence, NFDD Complex, Rajkot, Gujrat.
- (6) M/s. Chennai Pharma Industrial Infrastructure UpgradationComplexAlathur, Distt. Kanchipuram, Tamilnadu”.

5.6 When asked to furnish reasons for not giving approval for the five EOIs, the Department in its written reply stated as under:-

“The SSC found that the five EOIs did not fulfill the criteria as required for getting the grant through the scheme”.

5.7 When asked to give details whether Project Management Consultant (PMC) has suggested any remedial measures to the Department of Pharmaceuticals/ group of companies for making the companies qualifying for grant, the Department of Pharmaceuticals in its written reply stated as under:-

“Based on the feedback from Pharma representatives, PMC has suggested following:-

- (a) To lower the requirement of minimum 10 Pharma Units in the SPV to 5 Pharma Units.
- (b) To increase the grant from 70 % to 80 % of the project cost”.

5.8 On being asked to give details whether the Department of Pharmaceuticals will be considering the suggestions given by PMC, the Department of Pharmaceuticals in its written reply stated as under:-

“The SSC is considering the suggestions given by the PMC which also includes that the 10 members of the SPV Pharma Units may include Ayurvedic, Unani & Cosmetics Units as well as R&D Organization of these fields. Document requirement and other formalities are also being minimized”.

“Seeing the poor response from SPVs against the 1<sup>st</sup> EOI, the SSC decided to call fresh EOI vide invitation dated 31-10-2015, but no EOI has been received so far against this fresh EOI”.

5.9 When asked to give details how the Department is going to implement the programme successfully in a time bound manner as there is dearth of response from the Pharma Companies and whether any meetings were held with the prospective stakeholders, the Department of Pharmaceuticals in its written reply stated as under:-

“The SSC is revaluating the scheme in consultation with the stakeholders to make it more attractive so that the scheme could be successfully implemented in a time bound manner. In this connection, SSC met on 06/05/2016 where in the revised scheme was discussed. SSC has made certain suggestions which is to be carried out by PMC”.

5.10 On being asked to give details as to how many projects have been given in-principle approval and final approval since the launching of the Scheme, the Department of Pharmaceuticals in its written reply stated as under:-

“Only one project has been given in-principle approval. This project is for new Effluent Treatment Plant (ETP) at Alathur, Tamilnadu. Its Proposal & Detailed Project Report(DPR) are awaited. The SPV name is M/s. Chennai Pharma Industrial Infrastructure Upgradation Complex AlathurDistt. Kanchipuram, Tamilnadu”.

5.11 When asked whether any Detailed Project Report has been prepared by the Project Management Consultant (PMC) and the same validated by the stake holders, the Department of Pharmaceuticals in its written reply stated as under:-

“As per para 9(ii)(c) of the Scheme, PMC has the responsibility of appraisal of the DPRs indicating financial viability, commercial sustainability and socio-economic impact for according final approval to the projects”.

5.12 During the course of evidence, the Secretary, Department of pharmaceuticals elaborated the efforts taken by the Department as under:-

“We are continuously taking efforts to see that other parts of the country are reached, and they apply for this particular scheme. For instance, we have lot of clusters in Himachal Pradesh. We have in Solan and at Baddi. Similarly, we have clusters in J&K. We have clusters in Maharashtra. We have lot of clusters in Gujarat. We are reaching all these clusters. We are activating our activities to publicise this particular project details. I am very confident that in the months to come, lot of activities will be there in this scheme.”

5.13 Elaborating the steps taken by the Department with the State Government, the Secretary, Department of Pharmaceuticals during the course of evidence stated as under:-

“Sir, we are working in close coordination with the State Governments. During the past one year we have written to almost all the State Governments giving all details about the scheme and the need to take more proactive interest in the pharmaceutical development of the country.”

In recent years, there has been enhanced activity in various State Governments. Telangana Government has come out with a big pharma proposal at an extent of about 16,000 acres of land. This particular scheme is very small and we are going to give only Rs. 20 crore for a particular cluster, but they have taken a very big scheme of developing a big pharma city to an extent of about 16,000 acres of land for which they need about Rs. 1,500 crore to make common facilities. Similarly, Andhra Pradesh Governmen has already identified two projects. They have sent two project reports, each with an extent of about 2,000 acres of land. Gujarat also has sent a proposal. A private entrepreneur has sent a proposal for 2,000 acres of land. He says that you take 2,000 acres of land and develop a big pharmaceutical park. He does not need any financial support. He says that if that land becomes a park, he will be very happy. Similarly, Tamil Nadu Government has given about 850 acres of land for production of bulk drugs. Karnataka Government has set apart 200 acres of land in Mangalore to create a Pharmaceutical Park. Likewise, every State is today competing to create pharmaceutical parks in the country, but this particular cluster development scheme is for the existing clusters as well as new clusters which will come in small scale sector to cater to the demands of small and medium entrepreneurs. But there has been an increased activity overall in pharmaceutical development in the country.

We are also working out another scheme to produce APIs in the country, taking advantage of renewed interest shown by various State Governments, like Telangana, Andhra Pradesh and Tamil Government. They want immediate release of funds. We are working out another programme to give Rs. 200 crore for a cluster. We want to create three clusters. That scheme is in its finality. Probably in another two months, we will be launching that scheme. Once it comes, definitely for APIs, we can create three important clusters in the country.

Similarly, for medical divisions also, we are creating a separate programme. We give Rs. 25 crore to each cluster. We can create eight or nine clusters in various States. For this also, there is lot of inquiries and people want to participate. We are working very closely with the State Governments and we have really created interest in them for pharmaceutical development. We will further discuss with the State Governments.

Then, the subject of PSUs has been discussed in the same Committee. We have discussed several times about rehabilitation of PSUs like IDPL and HAL. Recently, the subject was put up to the Cabinet – rehabilitation of HAL. We have simplified the rehabilitation process and suggested it to the Cabinet, but the Cabinet has suggested some other alternative mechanism. So, we are reworking the scheme. Once these particular rehabilitation proposals are approved by the Cabinet, I am very confident that these two PSUs' surplus land will also become a big hub of pharmaceutical activity. In the meanwhile, we have identified surplus land in IDPL, both in Chennai, Hyderabad and Rishikesh. We want to convert them as Pharma Parks to cater to the demands of R&D and small and medium scale sector.

These are the activities which we are doing and I am very confident that the schemes will be very successful in the next year"

## **OBSERVATIONS/RECOMMENDATIONS**

### **RECOMMENDATION NO.1**

#### **CLUSTER DEVELOPMENT PROGRAMME FOR PHARMA SECTOR (CDP-PS)**

The Committee note that the Department of Pharmaceuticals (DoP) has announced the Scheme for Cluster Development Programme for Pharma Sector (CDP-PS) in July 2014 with a vision to catalyze and encourage quality, productivity and innovation to enable the Indian pharmaceutical industry to play a leading role in a competitive global market. By this programme, the DoP aims to increase the easy access to standard testing facilities and value addition especially to SMEs through creation of common world class facilities. The Committee, appreciate the Department for announcing the CDP-PS and desire that these clusters should have all common scientific infrastructure facilities so as to reduce the cost of production of drugs by individual units. Further, the Committee, also feel that more interaction by the Department with Pharma Industry/associations to know the ground realities and practical difficulties would accelerate the implementation of the scheme. The Committee, therefore recommend that the Department may regularly have interaction with Pharma Industry and associations to expeditiously implement the scheme in a systematic, professional and transparent manner and ensure that the objectives of the Scheme are achieved at the earliest.

### **RECOMMENDATION NO.2**

#### **SPECIAL PURPOSE VEHICLE**

The Committee note that the Cluster Development Programme will be implemented through a Special Purpose Vehicle (SPV) which will have representatives from cluster members, financial institutions, State & Central Governments and R&D organisations with full operational autonomy to develop, operate and maintain the infrastructure. The Committee, further note that the programme is to be implemented on a Public Private Partnership (PPP) format through one time grant-in-aid to be released in various phases for creation of identified infrastructure and common facilities to the SPVs set up for the purpose. The State Governments role would mainly arise after the SPV and DPR are approved by Scheme Steering Committee (SSC). The Committee observe that till date SSC has held five meetings and all the meetings were held in Delhi only and whenever it was felt necessary. During the course of the evidence even the department felt that holding of SSC meeting at different places will associate the local Industry more. The Committee are of the opinion that the development of Cluster Programme is of paramount importance and fits in realizing the Make in India goal of the Government. The Committee desire that the Department should take proactive measures toward developing Cluster Development Scheme. The Committee, therefore recommend that SSC should hold more meetings at regular interval and also at different relevant places where the Pharma companies are concentrated for proper monitoring and early establishment of the scheme. The Department should also enlist the support of State Governments for making the scheme successful. The Committee would like

to know the initiatives taken to expedite the scheme and the progress made in the matter so far.

### **RECOMMENDATION NO.3**

#### **NEED TO REVIEW TERMS AND CONDITIONS FOR FORMATION OF SPVS UNDER CDP-PS**

The Committee note that Common Facilities under the CDP-PS will consist of creation of tangible "assets" such as (i) Common Testing Facilities (ii) Training Centre (iii) R&D Centres (iv) Effluent Treatment Plant and (v) Common Logistics Centre. The Committee also note that each cluster could have its own specific requirements based on the nature of units being set up and the products proposed to be manufactured. The Scheme Steering Committee (SSC) shall approve the project components and funding thereof depending upon the merits of the proposal.

The Committee note that a minimum of 10 Pharma Companies are required to form a SPV under CDP-PS. Further each company who joins the SPV as members under CDP-PS has to invest about Rs.15 to 20 lakh. The Committee note that these conditions are coming in the way of successful implementation of the scheme. There have been suggestions to include Ayurvedic, Unani drug manufacturers and cosmetic companies also as member in the Cluster Development Programme. The Committee, therefore, recommend that Department may relook the scheme and review all bottlenecks and reduce the number of members required to form SPV and also the amount to be invested. Further suggestions for including the cosmetic and ayurveda and all the other drug companies may also be considered in formation of clusters. The Committee, would like to know the changes made in the scheme to make it implementable.

### **RECOMMENDATION NO.4**

#### **BUDGETARY ALLOCATION**

The Committee note under the 12<sup>th</sup> Five Year Plan, Rs.125 crore has been allotted for the CDP-PS Scheme. The Committee observe that the maximum limit for the grant in aid from Government under this category would be Rs. 20 Crore per cluster or 70 per cent of the cost of the project, whichever is less. Government grant will be 90 per cent for Common Facility Centres (CFCs) for difficult and backward regions. Till 2015-16, the grants for cluster scheme was covered under the head of new schemes but from this budget, the allocation has been made for cluster scheme separately. The Committee, further note that no grant in aid was released under the cluster development scheme during 2015-16 as none qualified for grant in spite of two rounds of EOIs. Although, a sum of Rs. 60 crore was requested for BE 2016-17, only a provision of Rs.10 crore has been made in BE 2016-17. The Committee express their displeasure over the fact that the Department has not been successful in the last two years in implementation of the Scheme and the funds have remained



unutilised Presently, the Project Management Consultant (PMC) has been requested to review the whole process and suggest remedial measures. The Committee therefore, desire that the Department should make the scheme implementable at the earliest and that expedient monitoring and timely action may be taken to utilise the funds allocated for the current year to the utmost as it is very vital for the growth of Pharmaceutical companies especially the SME Pharma Units.

#### **RECOMMENDATION NO.5**

##### **ALTERNATIVE MODEL FOR CLUSTER DEVELOPMENT**

The Committee observe that Expression of Interest (EoI) for receiving the grant by Pharma Companies under the Cluster Development Programme was issued on 7.7.2015 and closed on 11.9.2015 only six EoI's were received. The Scheme Selection Committee (SSC) found that except one EoI, others did not fulfill the criteria required for receiving the grant under the scheme. The Committee observe that only one project has been given in-principle approval and that its Proposal & Detailed Project Report(DPR) is awaited. The Committee also observe that PMC has contacted representatives of the Pharma firms and Pharma Associations all over India, through telephonic discussion and also visited many clusters, such as Baddi(H.P.), Deraabassi (near Chandigarh), Maharashtra, Tamilnadu, Gujarat, Andhra Pradesh & West Bengal area. However, the Committee observe that in practice not much response has been received from SME Pharma companies for this programme.

Keeping in view of the poor response the Committee, further note that the SSC is reevaluating the scheme in consultation with the stakeholders to make it more feasible so that the scheme could be successfully implemented in a time bound manner. The Committee are of the opinion that the Department of Pharmaceuticals should identify some existing locations which have the potential to emerge as a pharmaceutical cluster and in collaboration with the concerned State Governments and local pharma companies should set up the basic infrastructure facilities envisaged under CDP in a PPP mode which can be utilised by pharma units at reasonable charges which will also enable the objectives of the programme to be achieved. Therefore, the Committee recommend that the Department of Pharmaceuticals should explore the possibility of establishment of world class facilities in cities or in States where cluster of pharma companies already exist and such common facilities can be created under PPP mode.

#### **RECOMMENDATION NO.6**

##### **ALLOWING PSU PHARMA COMPANIES TO ESTABLISH CLUSTERS**

In order to give thrust to the scheme, the Committee desire that the Department should also consider entrusting creation of clusters to PSU pharmaceutical companies like IDPL and HAL etc. These companies have huge vacant land and also infrastructure facilities that are required for pharmaceutical companies. These PSUs pharma companies may be encouraged to



utilise land available with them for setting up of clusters along with the creation of common world class facilities in the clusters through SPV or PPP mode. The Department of Pharmaceuticals may also provide suitable grant for creation of such facilities. The Committee are of the opinion that this may benefit as good revenue stream to the PSU pharma companies by utilization of their vacant land. The Committee, therefore, recommend that during the review of the scheme, the Department may seriously consider allowing the PSU pharma companies to utilise their vacant land for promotion of pharmaceutical clusters.

New Delhi;  
21, July, 2016  
30, Ashadha 1938 (Saka)

Anandrao Adsul  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

**MINUTES OF THE SIXTEENTH SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS**

**(2015-16)**

The Committee sat on Monday, the 23 May, 2016 from 1500 hrs. to 1615 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Anandrao Adsul - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Smt. Anju Bala
3. Shri B. N. Chandrappa
4. Shri Sankar Prasad Datta
5. Smt. Veena Devi
6. Shri R. Dhruvanarayana
7. Shri Chhedi Paswan
8. Shri Chandu Lal Sahu
9. Dr. Kulamani Samal
10. Dr. Krishna Pratap Singh
11. Shri Tasleem Uddin
12. Smt Rekha Arun Verma
13. Shri George Baker

**RAJYA SABHA**

14. Shri Garikapati Mohan Rao
15. Dr. Sanjay Sinh

**SECRETARIAT**

- |    |                         |   |                     |
|----|-------------------------|---|---------------------|
| 1. | Smt. Rashmi Jain        | - | Joint Secretary     |
| 2. | Shri A. K. Srivastava   | - | Director            |
| 3. | Shri H. Ram Prakash     | - | Additional Director |
| 4. | Shri S. Holkhopao Baite | - | Additional Director |

**LIST OF WITNESS**

**Department of Pharmaceuticals**

- |    |                     |                 |
|----|---------------------|-----------------|
| 1. | Shri V. K. Subburaj | Secretary       |
| 2. | Shri Sudhansh Pant  | Joint Secretary |

**Representatives from Projects and Development India Ltd. (PDIL)**

- |    |                    |                 |
|----|--------------------|-----------------|
| 1. | Shri. Venkateshwar | CMD             |
| 2. | Shri P. K. Singh   | General Manager |
| 3. | Shri B. D. Singh   | General Manager |
| 4. | Shri D. K. Sant    | DGM (Projects)  |

2. At the outset, Hon'ble Chairperson welcomed the Members of the Committee and representatives of the Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals)

and other officials to the sitting. Their attention was invited to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. After the witnesses introduced themselves, a representative of the Department of Pharmaceuticals made power point presentation to the Committee.

4. During the discussion, the Hon'ble Chairperson and Members of the Committee raised queries on several issues such as:-

- (i) Reasons for delay in establishment of clusters.
- (ii) The rule process to encourage more pharma units to join this programme and avail its benefits.
- (iii) To publicize the cluster Development programme.
- (iv) To bring micro-units and other drug manufacturing units in cluster programme.
- (v) Common facilities Area for clusters to be increased.
- (vi) To amend the policy and reduce the numbers of Members required for forming a cluster by less than ten, if number of Members is the problem.
- (vii) Contribution for Special Purpose Vehicle (SPV) Members to be made more flexible.

5. The Chairperson thanked the witnesses for appearing before the Committee as well as for furnishing valuable information to the Committee.

6. A copy of the verbatim record of the proceedings of the sitting has been kept.

***The Committee then adjourned.***

**MINUTES OF THE SEVENTEENTH SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2015-16)**

The Committee sat on Thursday, the 21 July, 2016 from 1500 hrs. to 1545 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Anandrao Adsul - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Smt. Anju Bala
3. Shri Sankar Prasad Datta
4. Smt. Veena Devi
5. Shri R. Dhruvanarayana
6. Shri K. Ashok Kumar
7. Shri Kamalbhan Singh Marabi
8. Shri Chhedi Paswan
9. Shri S. Rajendran
10. Shri Chandu Lal Sahu
11. Dr. Kulamani Samal
12. Smt. Rekha Arun Verma
13. Shri Kotha Prabhakar Reddy
14. Shri George Baker

**RAJYA SABHA**

15. Shri Narayan Lal Panchariya
16. Shri K. Parasaran
17. Shri Palvai Govardhan Reddy

**SECRETARIAT**

- |    |                       |   |                 |
|----|-----------------------|---|-----------------|
| 1. | Smt. Rashmi Jain      | - | Joint Secretary |
| 2. | Shri A. K. Srivastava | - | Director        |
| 3. | Shri Nishant Mehra    | - | Under Secretary |

2. At the outset, the Hon'ble Chairperson welcomed the Members of the Committee.
3. The Committee, thereafter, took up for consideration and adoption report on the subject, "Cluster Development Programme for Pharma Sector (CDP-PS)".
4. After a brief discussion on the contents of the report, the draft Report was adopted by the Committee without any amendment.
5. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Report by the Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers and present the same to both the Houses of Parliament.

***The Committee then adjourned.***